

Amendment No. \_\_\_\_\_

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Signature of Sponsor

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Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill No. 2161\***

**House Bill No. 2369**

by adding the following as a new subsection (d) in SECTION 3:

(d)

(1) If the commission finds that a social media operator is operating in this state without a valid certificate, or has failed to provide the commission with all information required by this section or by rule of the commission regarding the application for a certificate or the operation of the social media platform, then the commission shall provide the operator with written notice of its failure to comply.

(2) If, after sixty (60) days of providing notice under subdivision (d)(1), the operator remains out of compliance, then the commission shall conduct a contested case hearing and may fine the operator in an amount not to exceed fifty thousand dollars (\$50,000), and may exercise discretion in the amount of such fine based on the severity of the operator's noncompliance. The commission may levy such fine each thirty (30) days thereafter against the operator if the operator remains noncompliant.

**AND FURTHER AMEND** by adding the following as a new SECTION 6 and redesignating the subsequent sections accordingly:

SECTION 6. The court of appeals has exclusive jurisdiction to hear an appeal of a final action of the commission after a contested case hearing under this chapter.



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**AMEND Senate Bill No. 2854**

**House Bill No. 2645\***

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Title 48, is amended by adding the following as a new chapter:

**48-250-101. Chapter definitions.**

As used in this chapter:

(1) "Decentralized organization" means a decentralized organization, organized under this chapter;

(2) "Digital asset" means:

(A) An electronic record in which a person has a right or interest;

and

(B) Does not include an underlying asset or liability unless the asset or liability is itself an electronic record;

(3) "Distributed ledger technology" means a distributed ledger protocol and supporting infrastructure, including blockchain, that uses a distributed, decentralized, shared, and replicated ledger, whether it be public or private, permissioned or permissionless, and that may include the use of electronic currencies or electronic tokens as a medium of electronic exchange;

(4) "Electronic," relating to technology, means having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities;

(5) "Majority of the members" means the approval of more than fifty percent (50%) of participating membership interests in a vote for which a quorum



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of members is participating, excluding a person who dissociates from the organization as set forth in § 48-250-112;

(6) "Membership interest" means:

(A) A member's ownership share in a member-managed decentralized organization, which may be defined in the entity's articles of organization, smart contract, or operating agreement; or

(B) A digital asset, if designated as a membership interest in the organization's articles of organization or operating agreement;

(7) "Publicly available identifier" includes, but is not limited to, a URL, contract address, published whitepaper, or other similar item that is available to the public;

(8) "Quorum" means a minimum requirement on the sum of membership interests participating in a vote for that vote to be valid;

(9) "Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form; and

(10) "Smart contract" means an event-driven computer program, that executes on an electronic, distributed, decentralized, shared, and replicated ledger that is used to automate transactions, including, but not limited to, transactions that:

(A) Take custody over and instruct transfer of assets on that ledger;

(B) Create and distribute electronic assets;

(C) Synchronize information; or

(D) Manage identity and user access to software applications.

**48-250-102. Application of the Tennessee Revised Limited Liability Company Act.**

(a) The Tennessee Revised Limited Liability Company Act, compiled in chapter 249 of this title, applies to decentralized organizations to the extent not inconsistent with this chapter.

(b) This chapter does not repeal or modify a statute or rule that applies to a limited liability company that is organized under the Tennessee Revised Limited Liability Company Act that does not elect to become a decentralized organization.

**48-250-103. Decentralized organization status.**

(a) A decentralized organization is a limited liability company whose articles of organization contain a statement that the company is a decentralized organization as described in subsection (c).

(b) A limited liability company formed under the Tennessee Revised Limited Liability Company Act, compiled in chapter 249 of this title, may convert to a decentralized organization by amending its articles of organization to include the statement described in subsection (c).

(c) A statement in substantially the following form must appear conspicuously in the articles of organization of a decentralized organization:

**NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS**

**The rights of members in a decentralized organization may differ materially from the rights of members in other limited liability companies. The Tennessee Decentralized Organization Supplement, underlying smart contracts, articles of organization, and operating agreement, if applicable, of a decentralized organization may define, reduce, or eliminate fiduciary duties and may restrict the withdrawal or resignation from the decentralized organization, or the transfer of ownership interests, return of capital contributions, or dissolution of the decentralized organization.**

(d) The registered name for a decentralized organization must include wording or abbreviation to denote its status as a decentralized organization, specifically "DO", "DAO", "DO LLC.", or "DAO LLC.".

(e) A statement in the articles of organization may define the decentralized organization as either a member-managed decentralized organization or a smart contract-managed decentralized organization. If the type of decentralized organization is not provided for in the articles of organization, then the limited liability company is presumed to be a member-managed decentralized organization.

**48-250-104. Formation.**

(a) A person may form a decentralized organization by having at least one (1) member sign and deliver one (1) original and one (1) exact or conformed copy of the articles of organization to the secretary of state for filing. The person forming the decentralized organization does not need to be a member of the organization.

(b) A decentralized organization must have and continuously maintain in this state a registered agent as provided in § 48-249-109.

(c) A decentralized organization may form and operate for a lawful purpose, regardless of whether for profit.

(d) A smart contract-managed decentralized organization may only form under this chapter if the underlying smart contracts are able to be amended.

**48-250-105. Articles of organization.**

(a) The articles of organization of a decentralized organization must:

(1) Include a statement that the organization is a decentralized organization, pursuant to § 48-250-103;

(2) Set forth the matters required by this chapter; and

(3) Include a publicly available identifier of a smart contract directly used to manage, facilitate, or operate the decentralized organization.

(b) Except as otherwise provided in this chapter, the articles of organization and the smart contracts for a decentralized organization govern the following:

- (1) Relations among the members and between the members and the decentralized organization;
- (2) Rights and duties under this chapter of a person in that person's capacity as a member;
- (3) Activities of the decentralized organization and the conduct of those activities;
- (4) Means and conditions for amending the operating agreement;
- (5) Rights and voting rights of members;
- (6) Transferability of membership interests;
- (7) Withdrawal of membership;
- (8) Distributions to members prior to dissolution;
- (9) Amendment of the articles of organization;
- (10) Procedures for amending applicable smart contracts; and
- (11) All other aspects of the decentralized organization.

**48-250-106. Amendment or restatement of articles of organization.**

Articles of organization must be amended when:

- (1) There is a change in the name of the decentralized organization;
- (2) There is a false or erroneous statement in the articles of organization;

or

- (3) The decentralized organization's smart contracts have been amended.

**48-250-107. Operating agreement.**

If the articles of organization or smart contract do not provide for a matter described in § 48-250-105, then the operation of a decentralized organization may be supplemented by an operating agreement.

**48-250-108. Management.**

Unless otherwise provided in the articles of organization or operating agreement, management of a decentralized organization is vested in:

- (1) The organization's members, if member-managed; or
- (2) The smart contract, if smart contract-managed.

**48-250-109. Standards of conduct for members.**

Unless otherwise provided for in the articles of organization or operating agreement, a member of a decentralized organization does not have a fiduciary duty to the organization or another member; except, that the member is subject to the implied contractual covenant of good faith and fair dealing.

**48-250-110. Membership interests for member-managed decentralized organizations – Voting.**

For purposes of §§ 48-250-112 and 48-250-113, and unless otherwise provided for in the articles of organization, smart contract, or operating agreement:

- (1) Membership interests in a member-managed decentralized organization are calculated by dividing a member's contribution of digital assets to the organization divided by the total amount of digital assets contributed to the organization at the time of a vote;
- (2) If members do not contribute digital assets to an organization as a prerequisite to becoming a member, each member possesses one (1) membership interest and is entitled to one (1) vote; and
- (3) A quorum requires no less than a majority of membership interests entitled to vote.

**48-250-111. Right to information.**

A member does not have a right under this chapter to separately inspect or copy records of a decentralized organization, and the organization does not have an obligation to furnish information concerning the organization's activities, financial

condition, or other circumstances to the extent the information is available on publicly available distributed ledger technology.

**48-250-112. Disassociation of members.**

(a) A member may only disassociate from a decentralized organization in accordance with the terms set forth in the articles of organization, the smart contracts, or, if applicable, the operating agreement.

(b) A member of a decentralized organization is not able to have the organization dissolved for a failure to return the member's contribution to capital.

(c) Unless the organization's articles of organization, smart contracts, or operating agreement provide otherwise, a disassociated member forfeits all membership interests in the decentralized organization, including governance or economic rights.

**48-250-113. Dissolution.**

(a) A decentralized organization is dissolved upon the occurrence of the following:

(1) The period fixed for the duration of the organization expires;

(2) By vote of the majority of the members of a member-managed decentralized organization;

(3) At the time or upon the occurrence of events specified in the underlying smart contracts, or articles of organization, or operating agreement;

(4) The decentralized organization failed to approve proposals or take actions for a period of one (1) year; or

(5) By order of the secretary of state, if the decentralized organization is deemed to no longer perform a lawful purpose.

(b) As soon as possible following the occurrence of an event specified in subsection (a), the organization must execute a statement of intent to dissolve in the form prescribed by the secretary of state.

**48-250-114. Miscellaneous.**

(a) The articles of organization and the operating agreement of a decentralized organization are effective as statements of authority.

(b) If the articles of organization and operating agreement conflict, then the articles of organization control.

(c) If the articles of organization and smart contract conflict, then the smart contract controls, except for provisions that comply with §§ 48-250-104 and 48-250-105(a) and (b).

**48-250-115. Foreign decentralized organization.**

The secretary of state shall not issue a certificate of authority for a decentralized organization based outside of the United States or its territories.

SECTION 2. The headings in this act are for reference purposes only and do not constitute a part of the law enacted by this act. However, the Tennessee Code Commission is requested to include the headings in any compilation or publication containing this act.

SECTION 3. This act takes effect upon becoming a law, the public welfare requiring it.

Amendment No. \_\_\_\_\_

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**AMEND Senate Bill No. 2852**

**House Bill No. 1987\***

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Title 65, Chapter 5, is amended by adding the following as a new part:

**65-5-401. Part definitions.**

As used in this part:

(1) "Connection cost":

(A) Means a rate, fee, or charge, or an estimate of a rate, fee, or charge, for a connection of utility service that is necessary for the customer or a potential customer to pay to the utility system to receive a utility service from the utility system to an unserved location or to upgrade a service to a location on or after the effective date of this act; and

(B) Does not include the cost for the construction of utility system improvements when the utility's rules, regulations, or policies require the customer to hire a qualified contractor at the customer's expense to construct the necessary utility system improvements and to dedicate the utility system improvements constructed to the utility system upon their completion by the customer; and

(2) "Utility" means:

(A) An entity subject to the jurisdiction of the water and wastewater financing board in accordance with § 68-221-1008;

(B) An entity subject to the jurisdiction of the utility management



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review board in accordance with § 7-82-701;

(C) A county-owned or municipal-owned utility that provides electric, broadband, natural gas, or propane services to the public;

(D) A public utility, as defined in § 65-4-101; and

(E) A cooperative, as defined in § 65-25-102.

**65-5-402. Description of costs relative to rates, fees, charges, or estimates.**

(a) Upon request or application for a connection of utility service by a customer, a utility system shall promptly provide the customer the connection cost.

(b) A customer may request the utility system provide the customer connection cost in writing along with a written itemized and detailed description of the costs that comprise the connection cost. Upon receipt of a request, the utility system shall promptly provide the customer the connection cost in writing along with a written itemized and detailed description of the costs that comprise the connection cost.

(c) If a utility cannot promptly provide to the customer the connection cost, the connection cost in writing, or a written itemized and detailed description of the costs that comprise the connection cost, then the utility shall within fourteen (14) days from completion of the approved design:

(1) Provide to the customer in writing the connection cost and a written itemized and detailed description of the costs that comprise the connection cost;

(2) Provide to the customer in writing the time reasonably necessary to calculate or determine the connection cost or to provide a written itemized and detailed description of the connection cost; or

(3) Request from the customer information necessary to calculate or determine the connection cost and to provide a written itemized and detailed description to the customer as soon as practicable.

(d) To aid a customer, a utility may provide the customer a verbal or unofficial initial approximation of the connection cost. However, an approximation is not

considered an attempt to comply with subsections (a)-(c).

**65-5-403. Violations.**

(a) If a utility:

(1) As defined in § 65-5-401(2)(A), fails to comply with § 65-5-402, then the water and wastewater financing board shall order reasonable sanctions against the utility;

(2) As defined in § 65-5-401(2)(B), fails to comply with § 65-5-402, then the utility management review board shall order reasonable sanctions against the utility;

(3) As described in § 65-5-401(2)(C) or (2)(E), fails to comply with § 65-5-402, then the comptroller of the treasury, or the comptroller's designee, shall order reasonable sanctions against the utility; and

(4) As described in § 65-5-401(D), fails to comply with § 65-5-402, then the Tennessee public utility commission shall order reasonable sanctions against the utility.

(b) A utility may receive sanctions from only one (1) of the entities listed in subsection (a) that is authorized to order sanctions.

SECTION 2. The headings in this act are for reference purposes only and do not constitute a part of the law enacted by this act. However, the Tennessee Code Commission is requested to include the headings in any compilation or publication containing this act.

SECTION 3. This act takes effect July 1, 2022, the public welfare requiring it.

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Time \_\_\_\_\_

Clerk \_\_\_\_\_

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**AMEND Senate Bill No. 2132\***

**House Bill No. 2288**

by inserting the following new section immediately preceding the last section and renumbering the subsequent section accordingly:

SECTION 3. Tennessee Code Annotated, Title 66, Chapter 32, Part 1, is amended by adding the following as a new section:

Notwithstanding this part to the contrary, a person may cancel a contract or agreement as otherwise provided in this part by electronic means as long as the means includes a digital time stamp.



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**AMEND Senate Bill No. 1204\***

**House Bill No. 1439**

by deleting all language after the enacting clause and substituting:

SECTION 1. This act is known and may be cited as the "Tennessee Electric Ratepayer Protection Act."

SECTION 2. Tennessee Code Annotated, Title 7, Chapter 52, is amended by adding the following as a new part:

**7-52-701. Part definitions.**

As used in this part:

(1) "Acquire" means to purchase, lease, lease-purchase, devise, acquire by gift, assume control, or another mode of acquisition;

(2) "Acquiring entity" means the entity that acquires, purchases, manages, operates, or otherwise controls a utility system following the disposition of the utility system;

(3) "Associated municipality" means a municipality that operates a utility system or has similar legal authority or association with a utility system;

(4) "Business plan" means the document filed with the comptroller of the treasury pursuant to § 7-52-706(a);

(5) "Consideration of a disposition" means the process of disposing of a utility system according to this part until it is approved;

(6) "Dispose" means to sell, lease, or otherwise transfer an interest in property;

(7) "Dispose of a utility system" and "disposition of a utility system":



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(A) Means:

(i) A municipality disposing of more than twenty-five percent (25%) of a utility system's customers or territory;

(ii) Merging or consolidating a utility system with another entity that is not part of the municipality;

(iii) A municipality entering into an agreement for an entity to operate an electric system for or on behalf of the municipality;

(iv) A municipality transferring ownership or operation of a utility system from the municipality; or

(v) Another instance whereby a municipality ceases to own or operate a utility system; and

(B) Does not include a transfer from an associated municipality to an authority pursuant to § 7-36-132;

(8) "Electric plant" means generating, transmission, or distribution systems, together with all other facilities, equipment, and appurtenances necessary or appropriate to the systems for the furnishing of electric power and energy for lighting, heating, power, or another purpose for which electric power and energy can be used;

(9) "Entity" means a natural person, firm, association, corporation, limited liability company, business trust, partnership, cooperative, utility, school, school system, or governmental entity;

(10) "Evaluation committee" means the committee created pursuant to § 7-52-704(a);

(11) "Federal agency" means the United States, the president of the United States, the Tennessee Valley authority, or another authority, agency, instrumentality, or corporation of the United States;

(12) "Fully funded" means a deposit of the required assets to a defined benefit pension retirement plan prior to disposition of the utility system;

(13) "Governing body" means the legislative body of the associated municipality;

(14) "Improve" means to acquire an improvement;

(15) "Improvement" means an improvement, extension, betterment, or addition to an electric plant;

(16) "Law" means an act or statute, general, special, or local, of this state, including, but not limited to, the charter of a municipality;

(17) "Municipality" means a county, metropolitan government, or incorporated city or town in this state;

(18) "Proceeds" means cash or other similar considerations received in exchange for acquiring a utility system;

(19) "Proper public notice" includes, but is not limited to:

(A) Written notice published in one (1) or more newspapers of general circulation that is published in each municipality in the service area of the municipality;

(B) Inserts or notice in the monthly billing statement to ratepayers of a utility system;

(C) Information published on the home page of the website of the utility system, the associated municipality, and each entity seeking to acquire the utility system or a portion thereof; and

(D) Updates published on social media of the utility system, the associated municipality, and each entity seeking to acquire the utility system or a portion thereof;

(20) "Served municipality" means a municipality that is in the service area of a utility system and does not include the associated municipality;

(21) "Supervisory board" means the board of a utility system or other similar body; and

(22) "Utility system" means:

(A) An electric system, electric utility, electric department, or electric division, or another electric plant or electric system of a municipality, municipal energy authority, or municipal utility authority, whether operating pursuant to this chapter, private charter, home rule charter, metropolitan government charter, or other applicable law;

(B) A municipal energy authority or municipal utility authority, whether operating pursuant to the Municipal Energy Authority Act, compiled in chapter 36 of this title, private charter, home rule charter, metropolitan government charter, or other applicable law;

(C) The system of a municipality, municipal energy authority, or municipal utility authority offering telephone, telegraph, telecommunications services, or another like system, whether operating pursuant to part 4 of this chapter, private charter, home rule charter, metropolitan government charter, or other applicable law; or

(D) The system of a municipality, municipal energy authority, or municipal utility authority offering cable service, two-way video transmission, video programming, internet services, or other like service, whether operating pursuant to part 6 of this chapter, private charter, home rule charter, metropolitan government charter, or other applicable law.

**7-52-702. Purpose and construction with other laws.**

(a) The purpose of this part is to provide the complete law of this state with respect to a municipality disposing of a utility system and to supersede the provisions of a private act, home rule charter, or metropolitan government charter, or a part thereof, relating to the disposition of a utility system.

(b) If the application of this part conflicts with the application of a provision of state law or a municipality's charter, then this part prevails so that a municipality may dispose of a utility system only pursuant to this part.

(c) Except as provided in subsection (b), this part is in addition and supplemental to other provisions of state law and must be liberally construed to effectuate the purposes of this part.

**7-52-703. Standards, conditions, and protections.**

(a) A utility system is operated for the benefit of all of its ratepayers, and the disposition of a utility system may occur only if:

(1) It is in the best interests of all of the utility system's ratepayers;

(2) The proposed disposition indicates that the utility system's ratepayers will receive significant and long-term benefits; and

(3) The only means to satisfy the conditions listed in subsection (b) is the disposition of the utility system and the conditions cannot otherwise be remedied or accomplished by the associated municipality or the utility system except through disposition of the utility system.

(b) Disposition of a utility system may take place only if one (1) or more of the following will be accomplished or remedied by the disposition:

(1) Ratepayers will receive significantly more reliable service;

(2) Disposition of the utility system would significantly improve operational efficiencies;

(3) Disposition of the utility system would provide significantly less expensive service;

(4) The utility system's current debt load is unmanageable or unsustainable;

(5) The utility system's current operation is significantly inefficient or unsustainable;

(6) The utility system is otherwise in significant financial distress and is facing imminent financial insolvency; or

(7) Another condition or service is satisfied whereby all ratepayers will receive significant and long-term benefits.

(c) A disposition of a utility system must protect the utility system's ratepayers against:

(1) Reductions in the quality and scope of service provided by the utility system;

(2) Changes in the service area or elimination of service following disposition of the utility system;

(3) The acquiring entity receiving excess profits from the utility system's ratepayers following disposition of the utility system beyond those required to provide the acquiring entity the opportunity to earn a reasonable and authorized return as determined by the comptroller of the treasury; and

(4) Paying for the costs borne by the acquiring entity to acquire the utility system as new ratepayers of the acquiring entity through utility rates.

(d)

(1) For a disposition of a utility system, the acquiring entity shall ensure that the defined benefit pension retirement plan of the utility system will be funded either before the date on which the associated municipality's interest is transferred or by use of proceeds after the transfer pursuant to the business plan.

(2) The value of the assets deposited must be at least equal to the difference between the market value of assets as of the last day of the month immediately preceding the transfer and the total actuarial present value of all current and future benefits for the defined benefit pension retirement plan.

(3) The actuarial present value of all current and future benefits must be determined utilizing the actuarial assumptions and cost method contained within

the most recent actuarial valuation report for the defined benefit pension retirement plan.

(4) The associated municipality shall require an acquiring entity to be bonded.

(5) Before the defined benefit pension retirement plan can be merged or consolidated with another qualified plan, or its assets or liabilities transferred to another qualified plan, the administrator of the defined benefit pension retirement plan shall secure a certification from an actuary that the benefits that would be received by a participant of the defined benefit pension retirement plan are at least equal to the benefits the participant would have received before the disposition of the utility system.

(6) The disposition of a utility system must not result in the amendment of the defined benefit pension retirement plan as to a vested participant if it reduces the participant's accrued benefit, or if it deprives the vested participant of future benefit accruals under a benefit formula that is not at least as favorable to the participant as the benefit formula in effect with respect to the participant immediately prior to the effective date of the disposition of the utility system.

(e) The associated municipality and the acquiring entity may agree to other additional protections for the utility system's ratepayers.

(f) To determine if the standards, conditions, and protections of this section are met, metrics common to utility service of the utility system must be used by the comptroller of the treasury when evaluating the business plan for reliability, level of service, and financial considerations.

**7-52-704. Evaluation committee.**

(a) For a municipality to consider disposing of a utility system, the supervisory board must approve by resolution, and the governing body must approve by ordinance, appointment of a committee to evaluate the disposition of the utility system. The

resolution and ordinance must identify the members appointed to the evaluation committee. Members of the evaluation committee shall serve without receiving compensation. The evaluation committee must consist of at least five (5) members, composed of:

- (1) Qualified voters of the associated municipality;
- (2) At least one (1) utility system ratepayer in each served municipality;

and

- (3) No more than one (1) member of the supervisory board and one (1) member of the governing board of the utility system.

(b) The associated municipality shall inform by registered mail the following about the appointment of an evaluation committee and consideration of disposition of the utility system:

- (1) The mayor of every served municipality;
- (2) An entity within fifty (50) miles of the border of the service territory of the utility system that provides the same or similar service of the utility system;

and

- (3) An entity that receives an amount from the utility system's payment in lieu of taxes.

(c)

- (1) A served municipality must inform the evaluation committee within sixty (60) days of receiving proper notice pursuant to subsection (b) if the served municipality would like to place an option to acquire the portion of the utility system within the limits of the served municipality, and, if the served municipality places the option, then the served municipality has first right of refusal to acquire the portion of the utility system within the limits of the served municipality if the associated municipality decides to dispose of the utility system.

(2) A served municipality must inform the evaluation committee within ninety (90) days of receiving proper notice pursuant to subsection (b) if the served municipality would like to exercise its first right of refusal to acquire the portion of the utility system within the limits of the served municipality if the associated municipality decides to dispose of the utility system.

(d) An entity within fifty (50) miles of the border of the service territory of the utility system that provides the same or similar service of the utility system must inform the evaluation committee within sixty (60) days of receiving proper notice pursuant to subsection (b) if the entity would like to potentially acquire the utility system and enter into good faith negotiations.

(e) The evaluation committee shall gather all relevant and important information needed to evaluate a potential disposition of the utility system, including, but not limited to:

(1) Conditions, standards, requirements, rules, and regulations in state and federal law and by a federal agency;

(2) A full description of property to be disposed;

(3) Interested or potential purchasers of the utility system, including an entity contacted pursuant to subdivisions (b)(2) and (3);

(4) Potential purchase price or other consideration;

(5) Potential terms and conditions of disposition;

(6) Likely utility system rates following disposition of the utility system;

(7) Likely utility system rates if disposition of the utility system does not occur;

(8) Proposed benefits to ratepayers of the utility system and the acquiring entity;

(9) Proposed benefits to residents of the associated municipality;

(10) Historical, current, and future condition of the utility system and each entity that expresses interest in acquiring all or a portion of the utility system in the following areas:

- (A) Level of service;
- (B) Financial health;
- (C) Capital planning and investment;
- (D) Operations;
- (E) Infrastructure;
- (F) Reliability;
- (G) Ratepayer service; and
- (H) Employee safety;

(11) Potential impact to other utility services of the associated municipality, such as water, wastewater, and natural gas services;

(12) Potential impact to entities that receive an amount from the utility system's payment in lieu of taxes;

(13) Potential use of proceeds from the disposition of the utility system; and

(14) Likely costs to the associated municipality following the disposition of the utility system, including direct and indirect ongoing costs from the use of proceeds.

(f) Employees, staff, and consultants of the associated municipality and utility system may assist the evaluation committee in carrying out and completing its duties and responsibilities.

(g) If an entity offers to acquire the utility system or a portion thereof, then the entity must demonstrate to the evaluation committee how the entity will comply with the conditions in § 7-52-703 and protect the entities' new ratepayers.

(h) The evaluation committee shall report to the supervisory board and the governing body no sooner than one hundred twenty (120) days but no later than one hundred eighty (180) days from its inception on whether the proposed disposition of the utility system complies with § 7-52-703 and may make recommendations on consideration of disposition of the utility system.

**7-52-705. Exercise of first right of refusal.**

(a) If a served municipality exercises its first right of refusal after placing an option pursuant to § 7-52-704(c), then the associated municipality must only dispose of the portion of the utility system within the limits of the served municipality to the served municipality after good faith negotiations and a reasonable proposal or offer from the served municipality.

(b) If a served municipality exercises its first right of refusal and exercises its option pursuant to § 7-52-704(c), then the portion of the utility system within the limits of the served municipality must be valued at the cost or value of the utility system minus:

- (1) Accumulated depreciation; and
- (2) Contributions of private entities for system expansion.

**7-52-706. Comptroller review.**

(a) Upon the approval, and at the direction, of the governing body, the associated municipality shall file a detailed business plan with the office of the comptroller of the treasury that includes:

- (1) A ten-year cost benefit analysis;
- (2) A disclosure of the total projected direct cost and indirect cost and revenues should the utility disposition occur;
- (3) A description of the quality and level of services to be provided;
- (4) Pro forma financial statements;
- (5) A detailed valuation of the utility system;
- (6) A detailed financing plan;

(7) A rate structure; and

(8) Other information requested by the comptroller of the treasury or the comptroller's designee.

(b) After review of the business plan, the comptroller of the treasury shall provide a written analysis of the feasibility of the business plan to the governing body of the associated municipality. It is the sole responsibility of the associated municipality to ensure that the disposition complies with all relevant state and federal laws. If the comptroller of the treasury determines through its analysis that the disposition of the utility system is not feasible, then the associated municipality may refile an amended business plan. A determination that the business plan is feasible is not needed for an associated municipality to dispose of a utility system. However, a disposition of a utility system must not be completed under this part prior to the comptroller of the treasury determining whether the business plan is feasible.

(c) Submissions to a federal agency for review or approval of the disposition of the utility system by the federal agency must occur only after the comptroller of the treasury finds the business plan is feasible.

**7-52-707. Contesting disposition of a utility system.**

(a) A served municipality may contest the disposition of a utility system in accordance with subsection (b) after the comptroller of the treasury finds the business plan is feasible according to § 7-52-706.

(b) A served municipality may file a contest of the disposition of a utility system against the associated municipality in the chancery court where the headquarters of the utility system is located, and no other chancery or similar court of this state has jurisdiction to hear and determine the contest. If a party appeals the judgment or order of the chancery court reviewing the order, then the appeal must be heard in the court of appeals in the grand division where the headquarters of the utility system is located, and an appeal therefrom must be to the supreme court.

(c) Failure by the associated municipality to dispose of the portion of the utility system in a served municipality to the served municipality is sufficient grounds for a successful contest of the disposition of the utility system if the served municipality:

(1) Properly informed the evaluation committee pursuant to § 7-52-704(c);

(2) Exercised its first right of refusal pursuant to § 7-52-704(c) and § 7-52-705; and

(3) Entered into good faith negotiations and made a reasonable proposal or offer to the evaluation committee or associated municipality.

**7-52-708. Public notice.**

(a) Because consideration of the disposition of a utility system is a consequential act by a municipality with long-lasting impact to residents of the municipality and ratepayers of the utility system, consideration of the disposition of a utility system must be an open process with members of the public having access to discussions, meetings, information, and documents related to consideration of the disposition of the utility system.

(b) The supervisory board, the governing body, the evaluation committee, the acquiring entity or entities, the associated municipality, and the utility system shall provide proper public notice during consideration of the disposition of the utility system:

(1) Before a meeting of the supervisory board or the governing body where the board or body may hold a discussion regarding, or take an action during consideration of, the disposition of the utility system;

(2) Before meetings of the evaluation committee; and

(3) Whenever the associated municipality, utility system, or another entity involved in the consideration of the disposition of the utility system submits anything for state or federal consideration or approval, and whenever the submission is acted upon.

(c) Information and documents related to a disposition of a utility system are public and open records subject to title 10, chapter 7, and must be made available during regular business hours at the city hall of the associated municipality and the headquarters of the utility system.

(d) The associated municipality, the utility system, and an entity or entities seeking to acquire the utility system shall each provide a link on the home page of its website to a dedicated portion of its website, if it has a website, that makes available all documents and information related to consideration of the disposition of the utility system and a means for the members of the public to provide comment.

SECTION 3. Tennessee Code Annotated, Section 7-34-104(a)(3), is amended by deleting "Lease any public works to" and substituting "Except as provided in chapter 52, part 7 of this title, lease any public works to".

SECTION 4. Tennessee Code Annotated, Section 7-36-112(b), is amended by deleting the subsection and substituting:

Notwithstanding this chapter to the contrary, the authority does not have the power to dispose of more than twenty-five percent (25%) of the authority's electric, water, or wastewater system's customers or territory, as applicable, except upon the concurrence and consent of the governing body of the associated municipality and, in the case of the disposition of an electric plant of the authority, except in accordance with chapter 52, part 7 of this title. For purposes of establishing compliance with the board is deemed the "supervisory body," the electric plant of the authority is deemed the "utility system," and compliance is determined in the same manner and to the same extent as if the authority was operated as the electric system of the associated municipality.

SECTION 5. Tennessee Code Annotated, Section 7-36-132(a), is amended by deleting "for purposes of § 7-52-132" and substituting "for purposes of chapter 52, part 7 of this title".

SECTION 6. Tennessee Code Annotated, Section 7-52-103(a)(6), is amended by deleting "except as provided in § 7-52-132" and substituting "except as provided in the Tennessee Electric Ratepayer Protection Act, compiled in chapter 52, part 7 of this title".

SECTION 7. Tennessee Code Annotated, Section 7-52-117(c), is amended by deleting "Subject to § 7-52-132" and substituting "Subject to the Tennessee Electric Ratepayer Protection Act, compiled in chapter 52, part 7 of this title".

SECTION 8. Tennessee Code Annotated, Section 7-52-132, is amended by deleting the section and substituting:

The governing body of a municipality may dispose of more than twenty-five percent (25%) of an electric plant's customers or territory pursuant only to part 7 of this chapter, which prevails wherever the application of part 7 of this chapter conflicts with the application of other provisions of state law or a municipality's charter so that a municipality may dispose of more than twenty-five percent (25%) of an electric plant's customers or territory or more than twenty-five percent (25%) of an energy or utility authority's customers or territory pursuant only to part 7 of this chapter.

SECTION 9. Tennessee Code Annotated, Section 7-52-401, is amended by deleting "with the procedures set forth in § 7-52-132" and substituting "with the procedures set forth in part 7 of this chapter".

SECTION 10. Tennessee Code Annotated, Section 7-52-601(a), is amended by deleting "except upon compliance with the procedures set forth in § 7-52-132" and substituting "except upon compliance with the procedures set forth in part 7 of this chapter".

SECTION 11. If a provision of this act or its application to a person or circumstance is held invalid, then the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to that end, the provisions of this act are severable.

SECTION 12. The headings in this act are for reference purposes only and do not constitute a part of the law enacted by this act. However, the Tennessee Code Commission is requested to include the headings in any compilation or publication containing this act.

SECTION 13. This act takes effect upon becoming a law, the public welfare requiring it.

Amendment No. \_\_\_\_\_

\_\_\_\_\_  
Signature of Sponsor

**FILED**

Date \_\_\_\_\_

Time \_\_\_\_\_

Clerk \_\_\_\_\_

Comm. Amdt. \_\_\_\_\_

**AMEND Senate Bill No. 2514**

**House Bill No. 2283\***

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Section 62-35-103(b), is amended by deleting the subsection.

SECTION 2. Tennessee Code Annotated, Section 62-35-118(a)(2), is amended by deleting the subdivision and substituting:

(2) An unarmed security guard/officer and an armed security guard/officer applicant shall:

(A) Complete at least four (4) hours of general training administered by a certified trainer and pass an examination, covering, at a minimum, the following subjects:

- (i) Orientation: one (1) hour;
- (ii) Legal powers and limitations of a security guard/officer: one (1) hour;
- (iii) Emergency procedures: one (1) hour; and
- (iv) General duties: one (1) hour;

(B) Complete training in de-escalation techniques and proper and safe restraint techniques; and

(C) Hold a current certification from the American Red Cross, or another qualified certifying agency approved by the commissioner, qualifying the applicant to administer emergency first aid and cardiopulmonary resuscitation (CPR).

SECTION 3. Tennessee Code Annotated, Section 62-35-122, is amended by deleting subsection (d) and adding the following as new subsections:



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(d) An armed security guard/officer shall as a prerequisite for the renewal of the person's registration card:

- (1) Complete four (4) hours of refresher training administered by a certified trainer in the subjects listed in § 62-35-118(b)(1);
- (2) Complete refresher training on the subjects listed in § 62-35-118(a)(2)(B) and (C);
- (3) Maintain a valid CPR certification at the time of renewal; and
- (4) Requalify in the use of a firearm by achieving a minimum of seventy percent (70%) on a silhouette target course approved by the commissioner.

(e) An unarmed security guard/officer shall as a prerequisite for renewal of the person's registration card:

- (1) Complete two (2) hours of refresher training administered by a certified trainer in the subjects listed in § 62-35-118(a)(2)(A);
- (2) Complete refresher training on the subjects listed in § 62-35-118(a)(2)(B) and (C); and
- (3) Maintain a valid CPR certification at the time of renewal.

SECTION 4. Tennessee Code Annotated, Section 62-35-123, is amended by deleting the section and substituting:

(a) It is unlawful for a person to act as a proprietary security organization without first having notified the commissioner in writing. Except as provided in subsection (d), the notice must include:

- (1) The full name and business address of the proprietary security organization;
- (2) The full name and the business and residence addresses of the qualifying manager; and
- (3) Other information that the commissioner may reasonably require.

(b) An unarmed security guard/officer employed by a proprietary security organization shall not carry a weapon of any kind.

(c) Notwithstanding subsection (a), a hospital that employs only unarmed security guards/officers may voluntarily elect to submit to the requirements for a proprietary security organization under this chapter and evidence the election by filing with the commissioner the notice required in subsection (a). The hospital may revoke the notice at any time upon appropriate notice of revocation to the commissioner.

(d) A proprietary security organization that has a license or permit from the alcoholic beverage commission or a beer board shall:

(1) Include with the initial notice to the commissioner in subsection (a):

(A) Documentation of insurance coverage compliant with § 62-35-114;

(B) One (1) set of classifiable electronic fingerprints of the qualifying manager; and

(C) A registration fee of one hundred dollars (\$100);

(2) Submit a biennial fee of one hundred dollars (\$100) to the commissioner to maintain the organization's status as a proprietary security organization; and

(3) Provide the commissioner with the full name, the business and residence addresses, and one (1) set of classifiable electronic fingerprints of the new qualifying manager within fifteen (15) days of a change in the qualifying manager if a proprietary security organization's qualifying manager changes. A proprietary security organization in violation of this subdivision (d)(3) is subject to a civil penalty pursuant to § 56-1-308.

(e) Upon receipt of a notice to act as a proprietary security organization from a person that has a license or permit from the alcoholic beverage commission or a beer board, the commissioner shall:

(1) Conduct an investigation to determine whether the statements made in the initial notice are true;

(2) Compare or request that the Tennessee bureau of investigation compare the fingerprints submitted with the notice to fingerprints filed with the bureau; and

(3) Submit the fingerprints to the federal bureau of investigation for a search of its files to determine whether the individual fingerprinted has recorded convictions.

SECTION 5. Tennessee Code Annotated, Section 62-35-134(a), is amended by deleting the subsection and substituting:

(a)

(1) It is unlawful for a person to knowingly employ as a security guard/officer an individual who does not hold a valid registration card of the appropriate type, except as provided in § 62-35-119(b).

(2) A violation of this subsection (a) is a Class A misdemeanor, punishable by fine only.

(3) The alcoholic beverage commission or a beer board shall suspend a license or permit, as applicable and in accordance with title 57, of a person for a violation of this subsection (a) for a period of one (1) month per violation.

However, this subsection (a) does not limit the alcoholic beverage commission's or a beer board's ability to seek to revoke or summarily suspend the license or permit.

SECTION 6. This act takes effect January 1, 2023, the public welfare requiring it, and applies to conduct occurring on or after that date.

Amendment No. \_\_\_\_\_

\_\_\_\_\_  
Signature of Sponsor

**AMEND Senate Bill No. 871**

**House Bill No. 645\***

<b>FILED</b>
Date _____
Time _____
Clerk _____
Comm. Amdt. _____

by deleting all language after the enacting clause and substituting:

SECTION 1. Tennessee Code Annotated, Section 13-7-602(9), is amended by deleting the subdivision and substituting:

(9) "Transferred" means:

(A) An interest in real estate was conveyed on or after May 17, 2018; and

(B)

(i) For property located within the jurisdiction of a local governing body described in § 13-7-607:

(a) The conveyance resulted in the conveying owner of the property no longer having substantial control of the property; and

(b) For a property with multiple owners, all owners of the property have conveyed all interest in the property; and

(ii) For all other property, the conveyance is not exempt from the recordation tax pursuant to § 67-4-409(a)(3)(A)(i), (E), and (F); and

SECTION 2. Tennessee Code Annotated, Section 13-7-602(10)(B)(ii), is amended by deleting the language "over the property" and substituting the language "over the property prohibiting, effectively prohibiting, or".

SECTION 3. Tennessee Code Annotated, Section 13-7-603(a), is amended by deleting "three (3) or more separate times" and substituting "three (3) or more separate times within a twelve-month period".



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SECTION 4. Tennessee Code Annotated, Section 13-7-604, is amended by deleting "three (3) or more separate times" wherever it appears and substituting "three (3) or more separate times within a twelve-month period".

SECTION 5. Tennessee Code Annotated, Section 13-7-604(a) is amended by deleting "Section 13-7-603 does not" and substituting "Sections 13-7-603 and 13-7-607 do not".

SECTION 6. Tennessee Code Annotated, Section 13-7-604(b)(2), is amended by deleting the subdivision and substituting:

(2) Notwithstanding this part to the contrary, a local governing body that authorizes short-term rental units through a permitting or application process pursuant to subdivision (b)(1) may suspend the continued use of property as provided in § 13-7-603(a), or the use of owner-occupied property pursuant to § 13-7-607, only during the time that the unit does not maintain a permit or approved application if the permitting or application requirements allow for reasonable compliance.

SECTION 7. Tennessee Code Annotated, Section 13-7-604(d), is amended by deleting "§ 13-7-603(a), the provider may challenge the prohibition, regulation" and substituting "§ 13-7-603(a) or § 13-7-607, the provider may challenge the prohibition, effective prohibition".

SECTION 8. Tennessee Code Annotated, Title 13, Chapter 7, Part 6, is amended by adding the following as a new section:

**13-7-607.**

(a) Except as otherwise provided in § 13-7-604, if a local governing body expressly authorized property for use as a short-term rental unit prior to May 1, 2015, then the local governing body shall not prohibit, effectively prohibit, or otherwise limit the ability of a person to use an owner-occupied property as a short-term rental unit.

(b)

(1) If a local governing body that is subject to this section authorizes short-term rental units through a permitting or application process pursuant to § 13-7-604(b), then the local governing body must send permit or application

renewal notices by mail at least ninety (90) days prior to the expiration date of the permit or approved application and must issue, approve, or deny a permit or an application within thirty (30) calendar days of the local governing body's receipt of a permit application for the property. If the local governing body fails to approve or deny the permit or application within the thirty (30) calendar days, then the permit or application is deemed approved.

(2) If a local governing body denies an application pursuant to subdivision (b)(1), then the local governing body must provide written notice to the provider by mail specifying the lawful reasons for the denial, including a citation to the applicable portions of the ordinance, resolution, regulation, rule, or other requirement that is not in conflict with this part, and shall not prevent an applicant from reapplying and being issued a permit if the applicant cures the identified deficiencies.

(c)

(1) A court shall award litigation costs and fees, including reasonable attorneys' fees, to a plaintiff who prevails in a civil action brought pursuant to § 13-7-604(d) against a local governing body that is subject to this section.

(2) A court may award punitive damages to a plaintiff who prevails in a civil action brought pursuant to §13-7-604(d) against a local governing body that is subject to this section.

(d) For purposes of this section, a local governing body had expressly authorized property for use as a short-term rental unit prior to May 1, 2015, if:

(1) The local governing body had introduced and passed an ordinance, resolution, regulation, rule, or other requirement specifically governing short-term rental units on final reading on or before May 1, 2015, regardless of the date of enforcement of the resolution, regulation, rule, or other requirement; and

(2) On or before May 1, 2015, the local governing body had issued a permit or approved an application for use of a property as a short-term rental unit within the jurisdiction of the local governing body.

(e) As used in this section:

(1) "Owner-occupied property" means property:

(A) Owned by one (1) or more natural persons;

(B) Not owned or co-owned by a business entity; and

(C) Used as a principal residence by at least one (1) natural person; and

(2) "Principal residence" means the residential dwelling of a natural person in which the person's habitation is fixed, and to which, whenever the person is absent, the person has a definite intention to return. If a natural person has multiple residential dwellings that satisfy the definition set out in this subdivision (e)(2), then the person may only claim one (1) residential dwelling located in this state as the natural person's principal residence. It is presumed that a residential dwelling is a natural person's principal residence if the address of the residential dwelling is the same as the address on the person's voter registration or internal revenue service tax reporting W-2 form from the prior twelve-month period.

SECTION 9. Tennessee Code Annotated, Section 13-7-602(3), is amended by deleting the subdivision and substituting:

(3) "Local governing body" means the legislative body of a city, municipality, county, or other political subdivision of this state that:

(A) Has authority to enact a zoning ordinance, resolution, regulation, rule, or other requirement of any type regarding land use in its jurisdiction; and

(B) Employs at least one (1) full-time or part-time law enforcement officer, as defined in § 39-11-106;

SECTION 10. This act takes effect upon becoming a law, the public welfare requiring it.